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Attorneys for Plaintiff

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

HARTFORD FIRE INSURANCE	)	Case No.:
COMPANY and SENTINEL	)	
INSURANCE COMPANY LTD.,	)	<b>COMPLAINT FOR BREACH OF</b>
	)	<b>CONTRACT, ACCOUNT STATED</b>
Plaintiffs,	)	<b>AND UNJUST ENRICHMENT</b>
	)	
v.	)	<b>THE AMOUNT OF THE DEMAND IN</b>
	)	<b>THIS ACTION IS OVER \$75,000</b>
GOLDEN STATE MANUFACTURING	)	
SERVICES LLC and GOLDEN STATE	)	
SERVICES LLC,	)	
	)	
Defendants.	)	
	)	

Plaintiffs, Hartford Fire Insurance Company and Sentinel Insurance Company Ltd., by and through their undersigned attorneys, as and for their Complaint against Defendants, Golden State Manufacturing Services LLC and Golden State Assembly LLC, allege as follows:

**Nature of Action**

1. This is an action for breach of contract to recover money damages based upon Defendants' failure to pay the full premiums owed under certain workers compensation and business owner insurance policies issued by Plaintiffs.

**Parties**

2. Plaintiffs, Hartford Fire Insurance Company and Sentinel Insurance Company, Ltd. (collectively, “Hartford”) are Connecticut corporations which maintain their principal place of business at One Hartford Plaza, Hartford, Connecticut 06155. Hartford is engaged in the business of insurance.

3. Defendant, Golden State Manufacturing, LLC (“GS Manufacturing”) is a California limited liability company which maintains its principal place of business at 47960-B Westinghouse Drive, Fremont, California 94539.

4. Defendant, Golden State Assembly, LLC (“GS Assembly”) is a California limited liability company which maintains its principal place of business at 42823 Westinghouse Drive, Fremont, California 94539.

5. Upon information and belief, the individual members of GS Manufacturing and GS Assembly (collectively, “Defendants” or “Golden State”) are also citizens of California. Defendants GS Manufacturing and GS Assembly are engaged in the business of assembling custom wire harnesses for clients such as Tesla.

6. For all intents and purposes, GS Manufacturing and GS Assembly are alter egos of each other and should be treated as a single entity herein. GS Manufacturing and GS Assembly have a unity of interest consisting of common ownership and management, namely through Cesar Madureno. They both operate out of the same location in an industrial park, have the same employees and registered agents, and represent themselves to the public as a single entity under the name of Golden State Assembly. *See* <http://www.gsassembly.com/index.php>

**Jurisdiction and Venue**

7. This Court has jurisdiction over this action under 28 U.S.C. § 1332(a)(1) because it involves citizens of different states and an amount in controversy exceeding the sum of \$75,000.00, exclusive of interest and costs.

1           8.       Venue of this action in the Northern District of California is proper under  
2 28 U.S.C. § 1391(b) in that it is the District where Defendant resides and where a  
3 substantial part of the events giving rise to this action occurred.

4                               **Background Facts**

5           9.       At the request of Golden State, Hartford issued the following insurance  
6 policies: (i) Workers Compensation Insurance Policy No. 57-WEC-IO7047 for the  
7 periods of January 8, 2016 to January 8, 2017, and January 8, 2017 to January 8, 2018,  
8 and which was cancelled effective June 1, 2017; and (ii) Spectrum Business Owner's  
9 Insurance Policy No. 57-SBA-RI7065 for the periods of January 8, 2016 to January 8,  
10 2017, and January 8, 2017 to January 8, 2018, and which was cancelled effective July 23,  
11 2017 (collectively, the "Policies").

12           10.      Pursuant to the Policies, Golden State agreed to pay certain premiums to  
13 Hartford. The premiums under the Workers Compensation Insurance Policy were based  
14 upon Golden State's payroll and applicable employee classification codes. The  
15 premiums under the Spectrum Business Owner's Insurance Policy were based upon  
16 Golden State's gross sales.

17           11.      Premiums under all Policies were initially estimated based upon the  
18 information supplied by Golden State and expressly subject to adjustment after an audit  
19 of Defendant's applicable books and records at the conclusion of the Policy periods.

20           12.      At the time Golden State initially applied for the policies with Hartford, GS  
21 Manufacturing represented that it was engaged in the business of electronic component  
22 manufacturing and only had three employees with a total estimated payroll of \$138,500  
23 and estimated gross sales of \$800,000. These estimates turned out to be grossly  
24 inaccurate.

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AS AND FOR A FIRST CAUSE OF ACTION

**(Breach of Contract)**

13. Hartford hereby realleges and incorporates by reference each of the allegations set forth above in paragraphs 1 to 12 as if fully set forth herein.

14. At the conclusion of the Policy periods, Hartford performed an audit of the applicable books and records of Golden State. As a result of the audit, it was determined that Golden State owed additional premiums in the sum of \$266,405.00 (the “Additional Premiums”) for the insurance coverages provided by the Policies.

15. The primary reason for the assessment of Additional Premiums was that Golden State had woefully underestimated its payroll for its electrical wire harness manufacturing employees, as well as its gross sales.

16. As noted above, at the time Golden State initially applied for the policies with Hartford, GS Manufacturing represented that it was engaged in the business of electronic component manufacturing and only had three employees with a total estimated payroll of \$138,500, and estimated gross sales of \$800,000. After the audit, it was determined that Golden State had 207 employees with an actual payroll of \$1,892,443, and actual gross sales of \$11,157,580.

17. GS Manufacturing also failed to disclose to Hartford during the application process that it was leasing employees to GS Assembly and that such employees would be covered under the Workers Compensation Insurance Policy obtained by GS Manufacturing.

18. On several occasions, Hartford sent to Golden State a Final Insurance Bill setting forth the Additional Premiums owed under the Policies and demanding payment. A true and correct copy of the Final Insurance Bill sent to Golden State is annexed hereto as **Exhibit A**.

19. Golden State has wrongfully refused to pay the Additional Premiums owed to Hartford and thereby breached the terms and conditions of the Policies.

1           20. As a result of Defendant's breach of contract, Hartford has been damaged  
2 in the sum of \$266,407.00 (excluding interest, fees and costs).

3                           **AS AND FOR A SECOND CAUSE OF ACTION**

4                                   **(Account Stated)**

5           21. Hartford hereby realleges and incorporates by reference each of the  
6 allegations set forth above in paragraphs 1 to 20 as if fully set forth herein.

7           22. The amount of unpaid Additional Premiums owed to Hartford pursuant to  
8 the Policies is \$266,405.00.

9           23. The Final Insurance Bill issued to Golden State created an express and  
10 implied agreement between the parties as to the Additional Premiums due Hartford under  
11 the Policies.

12           24. Golden State received and retained the Final Insurance Bill and did not,  
13 contemporaneously or reasonably thereafter, object to or dispute the amounts or charges  
14 contained therein and thereby accepted the invoice.

15           25. Golden State has wrongfully failed to pay the Additional Premiums  
16 invoiced despite Hartford's demands for payment.

17           26. Golden State's failure to pay the amount due has caused Hartford to suffer  
18 damages.

19           27. As a result of Golden State's failure to pay the amount due as invoiced,  
20 Hartford has been damaged in the sum of \$266,405.00 (excluding interest, fees and  
21 costs).

22                           **AS AND FOR A THIRD CAUSE OF ACTION**

23                                   **(Unjust Enrichment / Quantum Meruit)**

24           28. Hartford hereby realleges and incorporates by reference each of the  
25 allegations set forth above in paragraphs 1 to 27 as if fully set forth herein.

26           29. The Policies were issued in the name of GS Manufacturing, although the  
27 Policies clearly benefited both GS Manufacturing and GS Assembly.  
28

1           30. Accordingly, as a matter of equity, both GS Manufacturing and GS  
2 Assembly should be deemed jointly and severally liable for the Additional Premiums  
3 owed under the Policies since they both benefited from the insurance coverage provided  
4 by the Policies.

5           WHEREFORE, Plaintiffs Hartford Fire Insurance Company and Sentinel  
6 Insurance Company Ltd. hereby demand that a judgment be entered against Defendants  
7 Golden State Manufacturing Services LLC and Golden State Assembly LLC, jointly and  
8 severally, in the amount of \$266,405.00, together with pre- and post-judgment interest  
9 thereon at the statutory rate of 10% per annum, and an award of the fees, costs and  
10 expenses incurred by Hartford herein, and such other, further, and different relief as the  
11 Court may deem just and proper.

12 Dated: May 23, 2018

WILSON, ELSER, MOSKOWITZ,  
EDELMAN & DICKER LLP

13  
14  
15 By: 

Dawn A. Silberstein (SBN 167936)  
Attorneys for Plaintiffs  
Hartford Fire Insurance Company and  
Sentinel Insurance Company Ltd.,

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# EXHIBIT A



**THE  
HARTFORD**

Billing Company:  
Hartford Fire Insurance Company

Pay Online: [www.thehartford.com/servicecenter](http://www.thehartford.com/servicecenter)

For Customer Service Call: 1-866-467-8730

7 a.m. to 7 p.m. Central Time (Mon – Fri)

Report Claims 24 hours a day: 1-800-327-3636

Bill Date: 12/08/17

Billing Account #: 14819833

Current Balance: \$266,407.00	Minimum Due: \$266,407.00	Due Date: 12/28/17
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Named Insured: **GOLDEN STATE MANUFACTURING S**  
Your Agent: **ISU INS SVCS-CHEUNG & ASSOC/PHS**

#### ACCOUNT SUMMARY

Previous Account Balance	\$266,407.00
Payments & Adjustments	\$0.00
Premium Activity	\$0.00
New Fee(s)	\$0.00
Account Balance	\$266,407.00

#### IMPORTANT MESSAGES

- Your account is past due and no longer active. The full minimum amount due for coverage provided is now due or the unpaid balance will be transferred to our Collections Department. Payment of the minimum due will not result in reinstatement of coverage.

#### TRANSACTION DETAILS (since your last bill)

Transaction Date	Transaction Description	Policy #	Policy Type	Payments/ Adjustments	Premium Activity	Fee Activity
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No new Activity

Please detach here and insert with your payment. Write the account number on the check and make payable to **The Hartford**.

Check below and **complete reverse side** to request:

☐ Address Changes

Account Number: **14819833**

Amount \_\_\_\_\_  
Enclosed: \_\_\_\_\_

Payment Due Date	<b>12/28/17</b>
Current Balance	Minimum Due
<b>\$266,407.00</b>	<b>\$266,407.00</b>

#### Mail Payments To:

The Hartford  
P O Box 660916  
Dallas, TX 75266-0916



1206  
GOLDEN STATE MANUFACTURING S  
47823 WESTINGHOUSE DR  
FREMONT, CA 94539

5714819833071518090002664070000026640700810004



**FUTURE ACCOUNT INSTALLMENT SCHEDULE**

Bill Date	Due Date	Minimum Due
12/08/17	12/28/17	\$266,407.00

**IMPORTANT PAYMENT-RELATED INFORMATION**

We will apply payments received in the following order:

- Past due and audit premium on inactive policies
- Past due premium on active policies
- Past due fees, then
- Current account charges

Alternate payment instructions with your check will not be honored. When you provide a check as payment, you authorize us to either use information from your check to make a one-time electronic transfer from your bank account or process your payment as a check transaction.

If you believe you received this invoice in error, please contact us at 1-866-467-8730 so that we can prevent further action.

**POLICY BILLING DETAILS**

Policy Number	Policy Type/Bill Plan/Status	Policy Period	Policy Balance	Minimum Due
57SBARI7065	Business Owners/FULL PAY/Expired	01/08/16-01/08/17	\$2,731.00	\$2,731.00
57WECIO7047	Workers Compensation/FULL PAY/Expired	01/08/16-01/08/17	\$166,071.00	\$166,071.00
57SBARI7065	Business Owners/FULL PAY Equal/Cancelled 07/23/17	01/08/17-01/08/18	\$2.00	\$2.00
57WECIO7047	Workers Compensation/FULL PAY Equal/Cancelled 06/01/17	01/08/17-01/08/18	\$97,603.00	\$97,603.00
		<b>TOTALS</b>	<b>\$266,407.00</b>	<b>\$266,407.00</b>

**PAYMENT OPTIONS**

- **Online** at [www.thehartford.com/servicecenter](http://www.thehartford.com/servicecenter). Policies subject to cancellation may not be available in our automated system.
- **AutoPay** automatically withdraws premium payments from your bank account when they're due – ensuring payments are never late and eliminating the potential for late fees. Enroll at [www.thehartford.com/servicecenter](http://www.thehartford.com/servicecenter) or by calling 1-866-467-8730.
- **Payment by phone** allows you to make a one time payment from your bank account by calling our automated system at 1-866-467-8730. Policies subject to cancellation may not be available in our automated system.
- **Mail payment ONLY** along with the remittance stub, in the envelope provided. Allow at least 5 days for delivery. **Do not** mail any correspondence with your payment. Correspondence should be mailed to: The Hartford, 301 Woods Park Drive, Clinton, NY 13323.
- **For Overnight/Express** – send **payments only** to: Remitco – The Hartford #916, 1010 W Mockingbird Lane Suite 100, Dallas, TX 75247.

**EXPLANATION OF TERMS**

**State Surcharges:** Fees that are assessed by your state and local government and paid by The Hartford to the appropriate agency. If a surcharge is applicable in your state, it will be shown separately on your invoice.

**Current Balance:** The total amount due after applying all payments, credits or additional charges received since the last insurance bill.

**New Fee(s):** The total of all fees assessed on the current bill.

**Service Fee:** A fee that is assessed on each installment invoice, except where prohibited by law.

**Audit:** This amount reflects the difference between the actual and estimated premium.

**Address Changes:** Check One: ☐ Mailing address **ONLY** ☐ Mailing address **AND** Physical Location change

Street: \_\_\_\_\_ Effective Date of change: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_ Phone #: \_\_\_\_\_

Email Address: \_\_\_\_\_